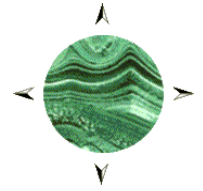


Malachite Resources Limited

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ASX Announcement

Code: MAR

19 October 2009

DRILLING UNDERWAY AT TOOLOOM GOLD PROJECT

Malachite Resources Limited (ASX: MAR) is pleased to advise that a program of diamond drilling has commenced at the Company's wholly owned Tooloom Gold Project in northern New South Wales.



Targets at three prospects are to be drilled (Fig. 1), beginning with a mineralised fault structure at the Pine Gully Prospect, which has significant similarities with the main mineralised structure at Gympie in Queensland. The rig will later move to the Back Creek Prospect, where visible gold occurs in an outcropping quartz vein stockwork system, and then to Joes Gully, where it will test a possible source of the many composite gold/vein quartz nuggets that have been found downstream from the target area.

Consideration will also be given to testing a key undrilled target at the Phoenix mineralised system in the northern part of the Tooloom property.

For further information please visit the Company's website: www.malachite.com.au
or contact: **Garry Lowder, Managing Director** at (02) 9411 6033
or by email at: glowder@malachite.com.au

G. G. LOWDER
Managing Director
19 October 2009

ABOUT MALACHITE – Malachite Resources is a Sydney-based resources company that listed on the ASX in November 2002 and is an active explorer for silver, tin, gold, copper and associated base metals in eastern Australia. The Company recently announced the creation of a strategic alliance with Nanyang Mining Resources Investment Pty. Limited ("Nanyang") that will underpin Malachite's future growth. The Company's key assets are:

CONRAD: The Conrad Silver Project is located 25km south of Inverell in northern NSW. The Company is evaluating the scope to reopen the old Conrad mine, which has had two previous periods of production but has not operated for over 50 years. Drilling at Conrad by Malachite has intersected narrow high grade, massive sulphide, silver-rich base metal veins, like those mined in the past, and wide zones of lower grade, disseminated and stockwork veined, polymetallic mineralisation. At current prices, silver represents 50% of total recoverable metal value in the Conrad ore and tin, copper, lead and zinc make up the balance. The currently defined mineral resource at Conrad contains approximately 10Moz of silver, or 19Moz of silver equivalent. This resource remains open along strike and at depth. Conrad is expected to soon become a joint venture with Nanyang, pursuant to the new strategic alliance.

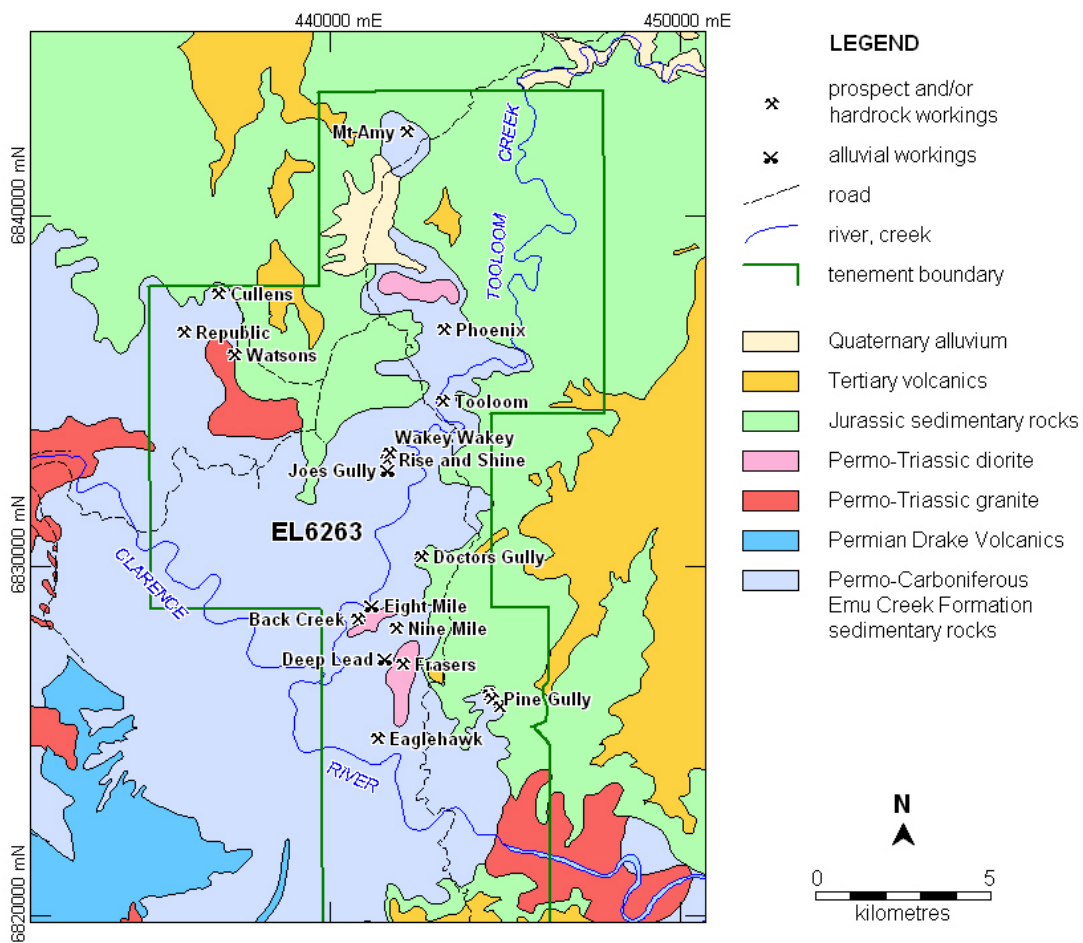
Malachite also has excellent exposure to tin, through its **ELSMORE** Project, located 20km east of Inverell, where the Company is considering the possible development of a paleo-alluvial tin deposit, known as the **Karaula Lead**, at the Newstead Prospect. The Karaula Lead appears to have the potential to support a small surface mining operation, which could be developed with

low capital and operating costs and generate useful cash flow for the Company. Work is now underway to better quantify the Karaula Lead deposit, determine an appropriate processing route and assess the economic viability of mining.

Encouraging tin results have also recently emerged from the Standon Tin Prospect at the Company's DELUNGRA Project, located west of Inverell, where an initial drilling program has just been completed.

The **TOOLOOM GOLD PROJECT** also in northeastern NSW, is based on a forgotten goldfield rediscovered by Malachite. Numerous prospects have been identified, including a significant greenfields discovery called **Phoenix**. The company is systematically exploring Phoenix and the other prospects at Tooloom, which are intrusion-related and have major ore potential. Drill-ready targets have been identified at four prospects within the Tooloom project area and a new diamond drilling program has commenced.

Figure 1: Geological map of the Tooloom Gold Project, showing prospect locations, including Pine Gully, Back Creek and Joes Gully, which are the targets for the current phase of drilling, and Phoenix, which may be added to the program.



COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Dr Garry Lowder, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Lowder is a full time employee of Malachite Resources and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Dr Lowder consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.